(c) and (d) There are well defined procedures for award of contracts in the Steel Authority of India Limited (SAIL) steel plants. These are awarded to the lowest, technically acceptable tenderer(s) after following the procedure laid down for the purpose. As such there is no question of by- passing public sector companies in such matters.

It is a fact that certain representations were received by Government on behalf of a PSU regarding award of contract in Bokaro Steel Plant modernisation which have already been examined. Government are not aware of any resentment in Bokaro in this regard.

Promoting Sponge Iron as Industry

3354. SHRI GOVINDRAO ADIK: Will the Minister of STEEL be pleased to state:

(a) whether Government are promoting Sponge Iron as an Industry, if so, the details thereof;

(b) what will be the installed production capacity of Sponge Iron by the end of the Eighth Five Year Plan for coal based and gas-based plants and the production targets for 1994-95;

(c) whether Sponge Iron production is far below the installed capacity in both the coal and gas based plants, if so, the reasons thereof;

(d) what is its total requirement and whether production meets the demand, if not, the steps taken to come upto the level;

(e) whether Government propose to involve private entrepreneurs in the production of Sponge Iron, if so, the details thereof; and

(f) what is the cost of production of Sponge Iron with the present duty structure as compared to the production cost in other countries and what steps Government propose to take to bring down the production cost particularly in the present juncture when the country is going global and is accelerating the process of liberalisation?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI SONTOSH MOHAN DEV): (a) to (e) Sponge Iron manufacturing units are primarily in the private sector. To promote the domestic sponge iron industry, manufacture of sponge iron was delicensed in 1985. In addition under the New Industrial Policy announced in July, 1991, sponge Iron was included in the list of high priority industries. The Budget for 1994-95 has inter-alia reduced customs duty on iron ore pellets from 15% to 10% and on non-coking coal from 85 % to 35 %. Customs duty on iron ore pellets was further reduced to 5% from 26.4.1994. The demand for sponge iron depends upon the total demand for mettalics. While the present installed capacity is sufficient to meet the present domestic demand, non-availability of the required grades of some of the major raw materials has tended to adversely affect production. It has been estimated by the Sponge Iron manufacturers Association (SIMA) that the production during 1994- 95 will be apprx. 4 million tonnes. After taking into account the projects under implementation, the expected installed capacity of sponge iron by the end of the VIII Five Year Plan will be 5.8 million tonnes.

(1) The production cost of sponge iron depends upon several factors such as location technology, quality of raw materials etc. The cost of production statistics are generally maintained in confidence by the units because of commercial considerations. However, SIMA has reported that the domestic sponge iron industry almost entirely uses indigenous and not imported raw- materials for production of sponge iron.

National Mineral Development Corporation Limited

3355. SHRI GHUFRAN AZAM: Will the Minister of STEEL be pleased to state:

(a) whetehr it is a fact that the National Mineral Development Corporation Limited has placed orders for procurement of 5.5 Cubic meter Hydraulic Excavator for Bailadila Dep. 14 at a price almost higher than the price of Bharat Earth Movers Limited's product and offers;

(b) whether the tender committee did not hold any negotiation with other parties including the Bharat Earth Movers Limited, a public sector company before deciding the particular tender;

(c) whether initially the director (finance) had objected to this deal;

(d) whether offers of other parties/ bidders were not even opened;

(e) whether the Board of Directors of the company had no competence to approve the purchase worth Rupees 5.5 crores for this equipment; if so, the details of tender committee; and

(f) what further action is being contemplated;

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI SONTOSH MOHAN DEV): (a) The National Mineral Development Corporation Limited (NMDC) has reported that it has placed orders for procurement of a 5.5 cubic meter Hydraulic Excavator for Bailadila Deposit No. 14 after following the proper purchase procedures of the company. The offer of Bharat Earth Movers Limited (BEML) was not found technically suitable and hence it was not considered by the company.

(b) As per the approved purchase procedure of the company, in case of high value items, offers are called in a two-part bid system, part-I containing technical and commerical details and Part-II containing the price bid. The technical and commerical bids are opened first and evaluated. Negotiations, if required, are held only with the technically accepted tenderers.

(c) No, Sir.

(d) In a two-part bid tender system, the price bid is opened only if Part-I of the bid containing technical and commerical conditions is found acceptable in terms of tender requirements. Since the offers of the other bidders were not found technically suitable, their bids were not opened by NMDC.

(e) The Board of Directors of the company have been delegated powers, subject to observance of certain conditions, to incur expenditure on (i) additions, modifications and new investments upto Rs. 50 crores and (ii) on replacement & renewal of assets upto Rs. 100 crores. The Tender Committee in the instant case comprised (i) General Manager (material), (ii) General Manager (Finance), (iii) Deputy General Manager (Production), (iv) Deputy General Manager (Electricals) and a representative from Bailadial Deposit 14.

(f) No action appears necessary in view of the position indicated above.

Installed Capacity and Production of Steel

3356. SHRI VIRENDRA KATARIA: Will the Minister of STEEL be pleased to state:

(a) what is the gap between the installed capacity and actual production of steel plants in the country during the year 1992-93 and 1993-94;

(b) what are the reasons for the shortfall;

(c) whether Government propose to achieve the targets fixed for the current financial year; and

(d) if so, what are the details thereof?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI SONTOSH MOHAN DEV): (a) and (b) The installed capacity and actual production of saleable steel during 1992- 93 and 1993-94 was as under :—

(Unit: in thousand tonnes)

1992-93			1993-94		
Capacity	Production	Gap	Capacity	Production	Gap
A. *MAIN PRODUCERS* (INTEGRATED STEEL PLANTS) STEEL AUTHORITY OF INDIA LTD.(SAIL)					
8823	8335	488	8823	8645	178
VISAKHAPATNAM STEEL PLANT (VSP)					
15555	879	676	2130$	1184	946